



CUSTOMER COGNIZANCE TOWARDS CROWDFUNDING, INDIA

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Abstract

Crowdfunding is a joint effort by individuals who contribute/invest funds either for business idea or for a cause with an objective of earning monetary or non-monetary benefits. Now a days, crowdfunding gaining popularity, with the support of which business owners succeeded in raising fund from vague group of virtual/online users. This article talks about level of acceptance, awareness towards crowdfunding, type of platforms used by the crowd, preferred set of sectors for funding and its future scope. This report also presents level of acknowledgement by the crowd as an alternate funding opportunity. The present research is based on Primary as well as Secondary data, and the responses are collected from entrepreneurs, corporate employees, Academicians and PG students from Management and Commerce disciplines. A sample of 100 respondents was chosen using convenience sampling for the study.

Key Words: Crowdfunding, Monetary & Non-Monetary Benefits, Virtual Users and Sectors.

INTRODUCTION:

It is a platform to collect cash (preferable small to large amounts) with the aid of internet from the group of people who are dispersed across the globe. From the reviews it is evident that, the entertainment industry raised funds a lot from this platform. Most of the crowd interested to contribute the fund with the expectation of rewards at the end. This platform is accepted by both fund seekers/fund raised and by the investors too [Sharma et al., (2015)]. Crowd sourcing is nothing but NGO/Business/Individual rely on crowd using internet to help them to solve a problem they face [Howe, 2006 & 20018]. This paper emphasizes on one of the type of crowdsourcing called as crowdfunding.

According to **Lambert T and Schwiendbacher A (2010)** crowdfunding is defined as: “An open call, essentially through the internet, for the provision of financial resources either in the form of donations or in exchange for some form of reward and/or voting rights in order to support initiatives for specific purpose”. Crowdfunding platform gained popularity in all the directions, some of the prominent industries benefited from this platform are dedicated to Health, R&D, Creative writing etc., [Bessiere and Stephany (2014)]. According to **Brabham (2013)**, he defined the crowd as “An online community of individual engaged in crowdsourcing activity, so the crowd is potentially everywhere”.

Crowd sourced funding is a way of raising money for a innovative projects, or for public interest cause or for business venture through small financial contributors from individuals who may range from hundreds to thousands. Those financial assistances are hunted through online crowd funding platforms while the offer may also be promoted through social media. One of the biggest challenges an entrepreneur faces is to get funding for the project. Traditionally, financial intermediaries, such as banks, venture capital firms or angel investors, serve to finance entrepreneurial endeavors. In contrast to traditional financiers, crowdfunding allows individuals to fund industrialists directly even a small amount. The association between the crowd and the capitalists is often facilitated by a platform. Crowdfunding realised exponential progress in the past couple of years and by now has reached a substantial funding volume. Crowdfunding entrepreneurs set a funding target for their innovative projects which serves as a threshold. The project successfully gets funded only the targeted amount is reached within a specified period of time. It can be categorised into crowd pre-selling, crowd donations, crowd equity and crowd lending. While some of crowdfunding sites focuses only on crowd donations, several very successful platform offer for crowd pre-selling and also allows donations to be made to projects. The most prominent example of this type is kickstarter (www.kickstarter.com).

Now a days, crowdfunding has become one of the best attractive financial technology services. When it comes to traditional method of raising fund for the project definitely we have limited options to borrow money either from banks as a loan or from private individual who charges high interest rates against the borrowed amount

in order to minimize lenders risk. All these hindrances can be taken off with the support of digital fund raising services.

For most of us, the term crowdfunding is new. But in the year 1885, a popular newspaper editor raised the fund from the crowd for the repair of Statue of Liberty Basement section and in return names of the funders were published in the newspaper (**Andrea S Funk, 2018**)

Lot of entrepreneurs/students have innovative ideas but they failed to implement the idea and create a possible work opportunities because all these requires fund. The most accepted and well known option is to raise a credit from the bank, but bank fail to accept project proposals from new entrepreneur due to existence of the risk. Now, things are transformed using cloud where entrepreneurs can easily catch numerous prospective investors. One of the best approaches to look for is crowdfunding. The web made the whole procedure much easier and faster. Crowdfunding platform not only helping the entrepreneurs to raise the fund but also helps them in validating the idea or concept (**Jhaveri DH & Choksi A (2014)**). By underwriting support and money to crowdfunding website, people are building up society by evaluating and choosing which concept is worthy and which is not (**Bruntje D & Gajda O (2015)**)

According to **Howe (2008)**, there are four different types of crowdsourcing practices used so far, they are crowd wisdom, crowd creation, crowd voting and crowd funding.

- **Crowd Wisdom:** It is nothing but crowd resolve the problems that the organization faces. This concept emerged in the year 2010 in Coventry city. Where the participants were asked to propose

the solutions to the issues raised up from online platforms.

- **Crowd Creation:** This platform is designed to call for crowd's creativity in the area of marketing. Most popular product used this platform for their advertisement campaign is Maggi in Vietnam.
- **Crowd Voting:** Here the crowd is asked to share their views about the procedures or decisions taken by the company or an individual. This platform helps the organization or an individual in the choices they make.
- **Crowd Funding:** It is defined as "*the procedure allowing a project leader or an individual to use the service of a funding platform to propose a project to a community of contributors, possibly in exchange for previously defined compensations*" (Renaulty, 2013, 2014a, 2014b)

Steps followed in crowdfunding campaign:

1. Project developer who seeks fund approaches crowdfunding platform for raising the fund for the whole project to complete or for a part of the project
2. Once the proposal is accepted by the platform, then the request from the developer for the project is posted online
3. The crowd who believed the project, starts supporting it financially. But based on the platform where the project is posted depending on that sometimes the developer gets the whole targeted amount otherwise they get only a part of the money.

Various Financial Models in Crowdfunding:

As per the report published by crowdsourcing.org, there are five financial models. They are gift based model, reward based model, presale based model, loan based model and investment based model.

- *A gift-based model:* as the name itself specifies, here donors financially supports the idea without expecting any tangible returns. This model is used in the course of humanitarian crises because of which this model is called as 'Crowd Sponsoring' or 'Crowd Supporting' practices.
- *A Reward-based model:* In this model, crowd expects tangible or intangible rewards against their financial support. Best suited industry in this platform is Entertainment Industry, where the producer can assure the crowd to share a percentage of profit from the movie or issuing free tickets for the first show or access for the crowd at shooting spots etc., in exchange for their investment. (Burkett E, 2011)
- *A presale-based model:* Here the crowd expects to obtain a copy of the product or right of entry to the services developed by the project leader (fund seeker who raised fund from the crowd for the project implementation) in return for their contribution. This crowd anticipation is to subscribe the product from pre-order campaigns at a lesser price than the price paid by the general public (Bradford C S, 2012). This model might be seen as an alternative of reward based

model, since the presale is a form of reward.

- *A loan-based model:* Here funders expects a refund as per the scheduled deadline either with or without interest. Passive investors prefer this platform as an alternative option for their investments. This loan-based model has grown considerably in the year 2014 in France, approximately fund seekers raised funds worth of Euro 88.4 million.
- *An investment-based model:* It is also known as equity crowdfunding. This platform allot equity shares to the crowd against their contribution or offers them the right to vote at the general meetings. This model basically covers club model and holding model. In club model wealthy investors (whom we call it as qualified investors) acts as financiers for the project whereas in holding model funds are raised from individuals and reinvest it in projects without any direct link between backers and entrepreneurs.

Compared to various financial models, equity based crowdfunding grew in UK and approximately an average amount raised is around Euro 200K in the year 2015; whereas when it comes reward based crowdfunding, investors prefer to donate funds only to specific projects and in donation based project most of the investors prefer to donate funds to charitable projects and expects no rewards. **(Baeck et al. and Wardrop et al.)**.

Benefits and Risks of Crowdfunding:

1. Conventional method of fund raising (from banks or from IPO) is expensive and time consuming because of lot of

regulatory hurdles whereas with the advent of technology it is easy to seek the fund from crowdfunding.

2. This platform is considered as one of the finest source for unfunded projects or start-ups who are in quest of fund. They can easily raise money from numerous customers and at the same time risk is also mitigated due to widespread of customers under these platforms. **(Julapa Jagtian and Catherine Lemieux)**
3. In traditional method, before sanctioning the fund for the project, its feasibility and reliability is tested whereas it is lagging in crowd funding platforms. Because of which lot of scam can takes place in this platform to attract large investors by advertising fake projects.
4. Crowdfunding platform lacking with intellectual property
5. In venture capital along with the fund venture capitalist assist the new entrepreneur how to run the business till it succeeds whereas the first-hand entrepreneurs who raised funds through this platform may have good ideas but they may not know how to set up the business or how to fulfil all the legal requirements for possessing the business because of not having experts to guide them.
6. To realize Return on Investment (ROI), investors should wait for longer time. Sometimes there

may be no returns because of greater risk of failure

7. Crowdfunding platforms lacks security
8. Compared to other forms of financing, crowdfunding platform exhibits high cost of capital due to frequent additional fees other than its commission plus insurance cost charged by them to avoid the risk of backer.

How crowdfunding works

1. Based on the type of the project select the suitable platform
2. Advertise your idea in the selected platform to seek the attention of the investors using short videos etc.,
3. Offer assured returns to the investors based on their proportion of investments but make sure the rewards are attractive and worthy (equity based crowdfunding).
4. Create the portal in such a way that it accepts wide range of investments relatively small amounts to extremely large amount from the investors.
5. Advertise the idea even in other social media platforms in order to draw responsiveness from big number of investors. This campaign is successful only when the idea or the project is worthy. To retain the investors keep updating the progress of the project or idea for which you have raised the fund.

Across the global, crowdfunding industry successfully raised around \$34.4 billion capital in the last year. No consistent numbers are available for India markets though it is estimated it accounts for a small fraction of this. Yet indigenous

crowdfunding platforms are blooming and succeeded in drawing attention from sponsors. Now, India is the world's second-largest internet market with more than 342 million cell phone users and using digital payment options that make it easy to give money, says Bloomberg.

Crowdfunding is limited to contributing donations and loans. The SEBI (Securities and Exchange Board of India) claims that, the Indian public lacking with adequate investment knowledge or experience and requires strict protection. In recent times, it is side-lined with an incomplete aim of designing a regulatory framework for investment crowdfunding, and equity crowdfunding in India remains on hold.

The leading player in the market is Milaap, who succeeded in raising around US\$12.7Million through donations and microloans, though spread across close to 50,000 projects and averaged around just \$260 per project. The receivers of these small cost credits and relatively lesser donations have largely been from people in rural India and in underprivileged sections of society. Other platforms better serve the ingenious arts and bigger community benefits, however micro-businesses crowdfunding isn't yet a most important occasion for entrepreneurs.

Crowdfunding platforms

Two significant observations were made when classifying the crowdfunding platforms and their corresponding crowdfunding and payout models. In the case of Teespring, the purpose of the site is to purchase t-shirts; no return or aid opportunities were offered. PledgeMusic allows users to pre-purchase music that has not yet been released into the market at a lesser price, they do not offer an incentive

option. This leads to the conclusion that these non-financial crowdfunding models existed because funders inclined to go for extrinsic motivations, as suggested by **Ryan and Deci (2000)**. According to **Mollick (2013)**, funders are different from case to case, and the funding, return, and pre-order crowdfunding models requires different input of capital, where sponsoring needs the least amount of money, followed by reward and pre-order, all the models are needed when crowdfunding products. The second remark was that crowdfunding platforms only operate with one pay out model.

REVIEW OF LITERATURE

Technological revolution 2.0 bought new and innovative business models. In this situation, crowdsourcing is a prominent example. It describes outsourcing of various tasks to an undefined group of people using IT (**Blohm & Leimeister et al. 2015**). One of the important form of crowdsourcing in addition to crowd creation and crowd voting is nothing but crowdfunding (**Leimeister 2010 & 2012**). According to **Belleflamme** crowdfunding is defined as a call through the internet to a cluster of individuals for the provision of financial resource's either in the form of donations or in exchange for a future product at discount price compared to the market price or in exchange for rewards (**Lambert et al. 2014**). According to **Moritz and Block** crowdfunding is described as "Many a Little Makes a Mickle", means huge amount of fund can be raised by collecting minor assistances/offerings from enormous group of sponsors (**Moritz et al. 2014**). As we already study crowdfunding is not the new concept, in the year 1856 this term is used to raise fund to repair statue of the liberty,

most recent well know and popular example is for 2008 election campaign, US president Barack Obama team raised funds approximately three-quarter billion USD from crowdfunding. Along with this some of the successful crowdfunding campaigns grabbed wide public attentions are – **Movie Stromberg (2011)** and a cinematic version of a German Sitcom (2013) succeeded in raising approximately 1 million euros within a span of less than 1 week. Since 2007 onwards, crowdfunding gained the popularity both in theory as well as in practice. All over the world different researchers started investigating and exploring more about crowdfunding and provided new insights in this emerging research field. The market of crowdfunding is still growing, majority of the crowdfunding platforms are from US and were succeeded since 2005 onwards. From 2010 onwards crowdfunding started gaining attention in UK, most popular and matured crowdfunding markets are Germany and the Netherlands. As per **Crowdfunding Industry Report 2013**, over 800 platforms are in active (**Massolution 2012**), the most popular and biggest crowdfunding platform is *Kickstarter*. From the recent studies it is clearly evident that investment decision of sponsors is typically influenced by social networks (**Lin & Prabhala et al. 2013**) followed by family, friends and input guidance from other backers as well (**Agrawal, Catalini & Bretschneider 2013**). In certain cases backers are attracted to fund when they are emotionally attached to the project idea or projects with which they are familiar or the projects that are initiated by their friends or family members (4, Agarwal). Another reason is that, backers fund to the projects based on its geographical proximity between fund seeker and fund sponsored

(**Lin and Viswanathan 2013**). In general terms, most of the times backers invest in project with an intension to receive recognition for their investment from the society or from the community (**Bretschneider et al. 2014**).

Like traditional method of fund raising from financial intermediaries, crowdfunding platforms never borrow or pool or lend money on their own account. Instead it focuses on matching project originator and fund supporter by providing necessary information about the project and its functionalities i.e., they provide funding mechanisms like pledge levels/amount etc., (**Gerber & Gilber 2012**). Who defines the pledge amount is project initiator. Each level of pledge implies a certain return, and this return increases in relation with higher pledge amounts. From the reviews the minimum pledge amount for start-up fund is 1000 euros and for charity projects it is 100 euros (Cumming et al. 2014). Crowdfund is based on two principles - all or nothing principle and keep it all principle. All or nothing principle is nothing but, project initiators paid out the collected amount when they reach their pre-defined funding goals whereas in keep it all principle, project creators accept any collected sum (**Gerber 2012**). This principle is mainly used for charitable projects (**Blohm et al. 2015**). Crowdfunding platform supports innovative or creative projects or the products, start-ups and charity projects (**Burtch et al. 2013**). According to **Bradford**, project initiators offers five distinguished returns: they are No Compensation (here sponsors support the project by donating the fund for the good), Reward (here backers obtain non-monetary benefits), Pre-Ordered Project or product (funders get the product once it is realised

in the market at a rate lesser than the market price), Interests (fund providers acts as a lender) and Profit Share (the one who contributed the fund for the project against that they receive equity shares).

The key prospective of crowdfunding platform is the procurement of capital. This platform not only helped budding entrepreneurs to raise capital easily compared it with the traditional approach but also makes availability of fund for niche projects. This platform helps to raise fund both for prominent as well as less prominent projects (**Belleflamme, Lambert et al. 2014**).

Research Questions

The purpose of the study is to measure awareness and attitude towards Crowdfunding in Bangalore

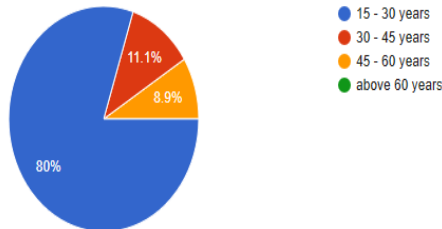
Objectives of the Study:

1. To assess level of willingness to use crowdfunding
2. To estimate level of awareness of crowdfunding in the midst of the crowd
3. To quantify how far students are aware about crowdfunding
4. To measure future scope of crowdfunding

RESEARCH METHODOLOGY

The survey is conducted with an intension to explore public perception and their degree of acceptance with a focus on their prior knowledge, types of projects and industries selected so far, potential benefits, difficulties realised by them from their investments, the various important factors that encourage the participants to participate in crowdfunding platform and because of which parameters this platform may not be so popular. This study established to find the likelihoods of crowdfunding as self-sustaining funds of

funding in addition to the identification of factors which affects backing intension of the crowd. For the survey approximately



100 respondents interest picked up. Chi-Square Test, T-test and Cross tabulation is used to analyse the responses. Major part covered in the questionnaire is to extract information about their level of awareness and their acceptance to Crowdfunding in South India. This survey is conducted with an intension of exploring crowd sensitivity towards crowdfunding with a focus on personal benefits received from their investments, type of the projects selected, problems faced by them and

Type of Research: Descriptive Research
Sampling

- a. **Population** – Residents of Bangalore, India
- b. **Sampling Technique** – Non Probability Sampling Technique: Convenience Sampling
- c. **Sample Size** – 100 respondents belonging to different income background, educational qualification and type of family and different age groups along with their level of awareness.
- d. **Data Sources**– Primary data source - Mail Questionnaire is used for collecting the information about the level of awareness and acceptance about crowdfunding. Whereas Secondary data is collected from the

sources like Journals, Magazines etc., assisted in writing Literature Review and Introduction to Crowdfunding.

- e. **Tools Used for Analysis** – Percentage Method, Chi-Square and Run Test using SPSS software.

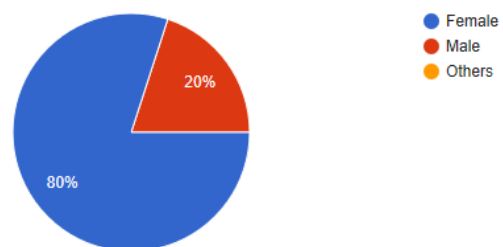
DATA ANALYSIS & INTERPRETATION:

Chart 4.1: Age of the Respondents

Interpretation:

80% of the respondents belongs to the age category 15-30 years which mostly consists of post graduate students/working professionals/corporate bodies.

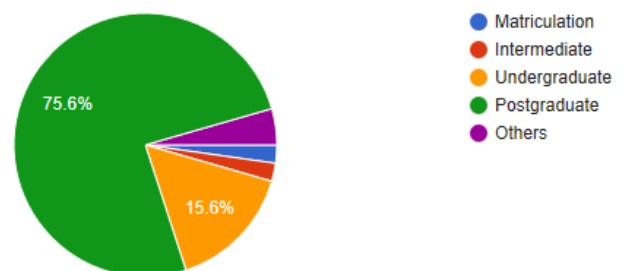
Chart 4.2: Gender



Interpretation:

Majority of the respondents were female which covers up to 80% and the remaining were male respondents.

Chart 4.3: Qualification



Interpretation:

Most of the respondents were completed their post-graduation which summed up to 75.6% and the remaining respondents were either undergraduate or had a qualification up to matriculation, intermediate or other categories. This shows that the study had included respondents of different qualification to get a varied and better result according to their different understanding.

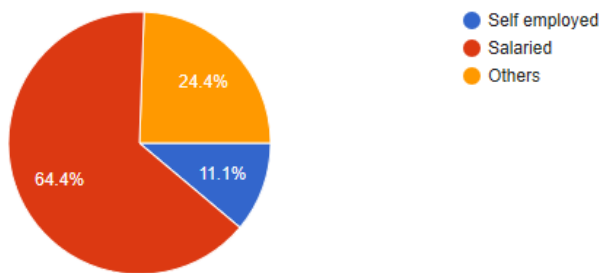


Chart 4.4: Occupation of the Respondents

Interpretation:

Most of the respondents were corporate employees i.e. salaried, and around 24.4% belonged to other categories, whereas very few respondents ie. 11.1% were self-employed.

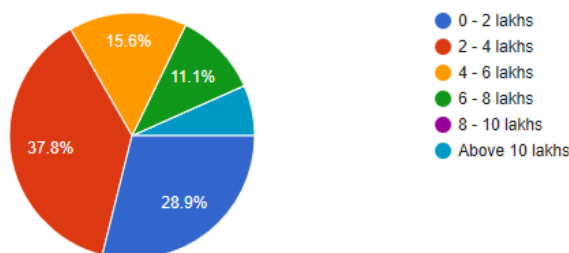


Chart 4.5: Annual Income of the Respondents

Interpretation:

The respondents included people with varied income. They ranged from 0 to above 10 lakhs category, where the majority of the respondents belonged to the income group of 2-4 lakhs PA. This can help us to predict the opinion of different income groups towards crowdfunding.

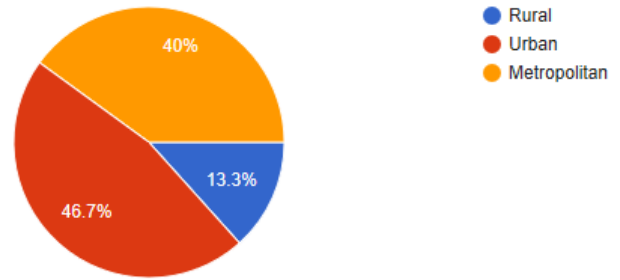


Chart 4.6: Lives in Interpretation:

Most of the respondents reside in metropolitan or urban areas which summed up to 86.7% and remaining respondents belonged to rural areas. This shows that the study included all variety of residents residing in different conditions.

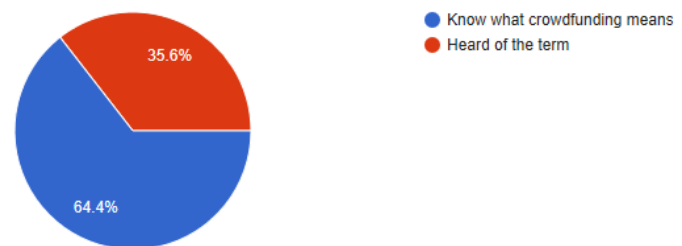
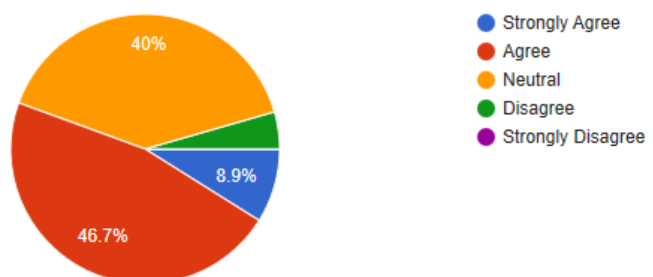


Chart 4.7: Level of Understanding towards Crowdfunding

Interpretation:

Majority of the people had prior knowledge about crowdfunding and around 35.6% had heard about the term but did not had proper knowledge about it.

Chart 4.8: Preference to participate in Crowdfunding



Interpretation:

Around 86.7% of the respondents agreed and were neutral regarding crowdfunding, and only around 5% of respondents disagree to participate in the crowdfunding. This shows people’s acceptance towards crowdfunding.

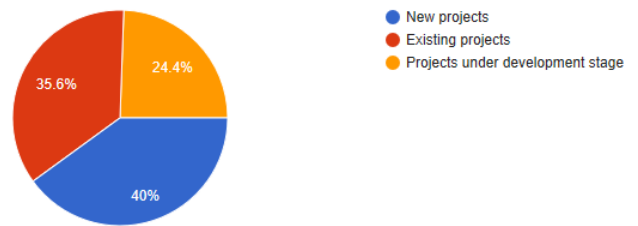
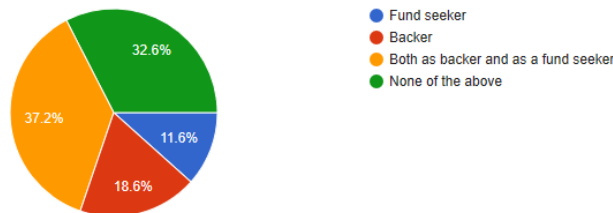


Chart 4.9: You Like to Participate As?



Interpretation:

Majority (40%) prefer crowdfunding as mode of fetching investment for new projects, and around 35.6% respondents prefer it for existing projects also. Around 24.4% believe that it is preferable for projects under development stage.

Interpretation:

From the above chart it is evident that, most of the respondents are interested to participate in crowdfunding platform as fund seeker and backer. That is, most of the respondents were ready to participate as backer and as well as a fund seeker.

Chart 4.12: Like to invest in Environmental Sustainability Projects

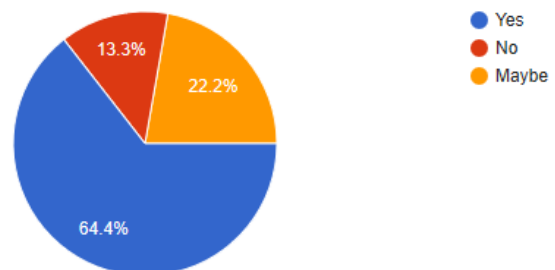
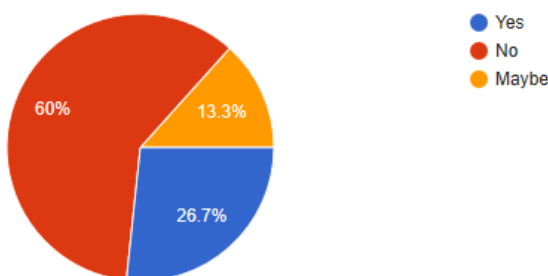


Chart 4.10: Have you invested in Crowdfunding?



Interpretation:

Around 64.4% would be willing to invest in environmental sustainability projects and about 22.2% were not sure on their decision on investing in these projects. 13.3% refused to invest in these projects.

Interpretation:

Most of the respondents have not invested in crowdfunding yet and a small group of around 26.7% of the responded have invested in crowdfunding. There were some who were not sure about their participation which rounded up to a minimal rate (13%).

Chart 4.13: Type of Crowdfunding method Preferred for the Investment

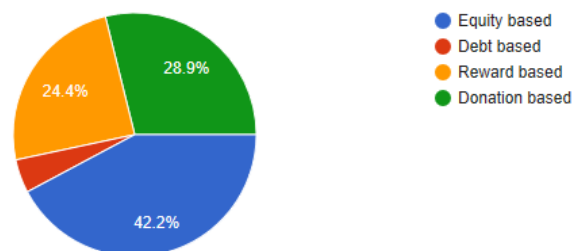


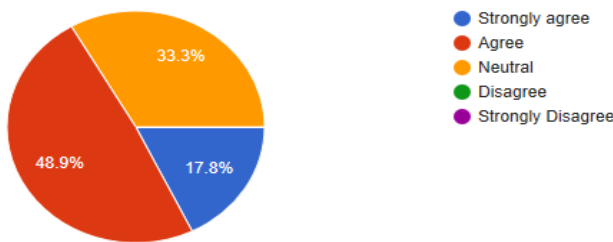
Chart 4.11: Your Preference of Investments in Crowdfunding into

Interpretation:

Crowdfunding method preferred the most by our respondents (42.2%) is equity based, where as 28.9% prefer donation based, 24.4% prefer reward based and a minimal of 4.5% of respondents prefer debt based.

51.1% of them had their responses as neutral, where as 40% approved it to be a good possibility to attract investments and 8.9% of respondents do not think it to be a good option.

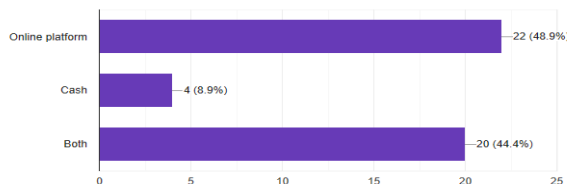
Chart 4.14: Do you Agree Crowdfunding is an Alternative Way of Traditional Method for Raising Fund



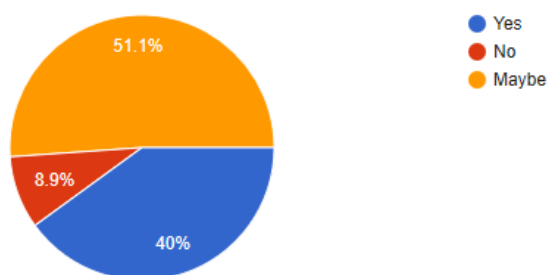
Interpretation:

The majority of respondents (48.9%) agree that crowdfunding is an alternative way for raising fund than the traditional methods. 33.3% respondents have neutral opinion and 17.8% strongly agree that it's a substitute.

Chart 4.15: Do you Think



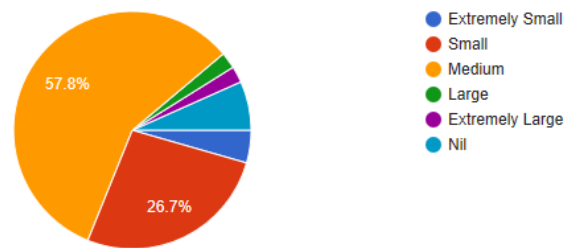
Crowdfunding is a Good Option for Funding and Investment



Interpretation:

Most of the respondents have mixed reviews regarding crowdfunding being a good option for funding and investment so

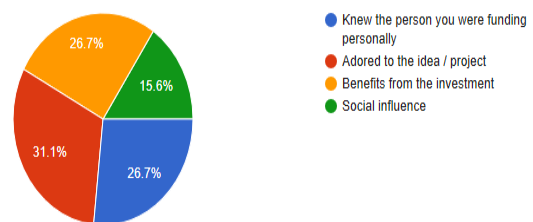
Chart 4.16: Your Size of Investment into Crowdfunding



Interpretation:

57.8% of the respondents had medium sized investments in crowdfunding and 26.7% had small investments. Whereas there was minimal rate of respondents who had extremely large to extremely small investments and some had none. So, the study covered a diversified range of respondents with different level of investments in crowdfunding.

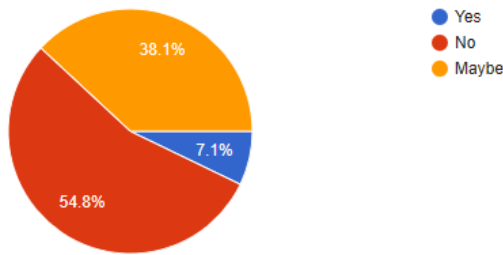
Chart 4.17: Which of these Methods do you Use to Crowfund in Future



Interpretation:

48.9% of respondents preferred online platform as method to crowfund that they would use in future where as 8.9% preferred cash and 44.4% were comfortable with both ways.

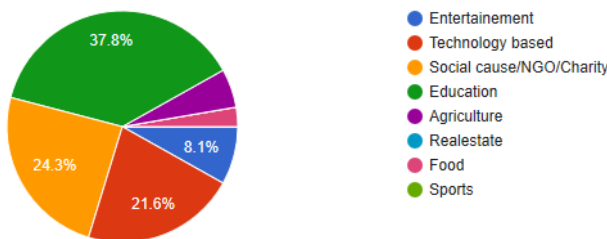
Chart 4.18: Have you realized any Benefits from your Investments into Crowdfunding



Interpretation:

54.8% of the respondents have not realized any benefits from crowdfunding yet, 38.1% were not sure whether they received any benefit and only 7.1% of them received benefits.

Chart 4.19: The projects that you fund through Crowdfunding belongs to which of these Industries



Interpretation:

37.8% of the respondents funded projects to education sector through crowdfunding, 24.3% invested in social cause/NGO/Charity, 21.6% in technology based, and

8.1% in entertainment industry and others in agriculture and food industry.

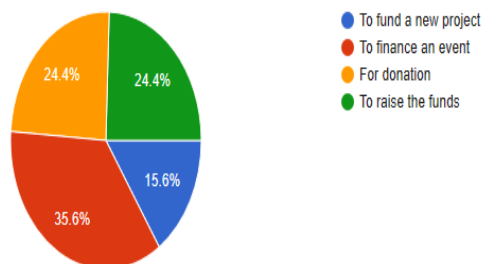
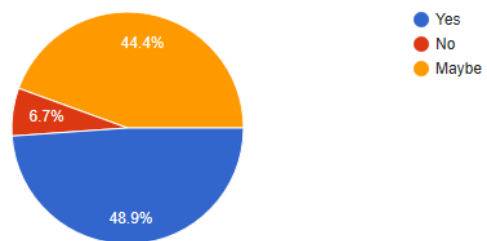


Chart 4.20: What certain you to participate in Crowdfunding

Interpretation:

31.1% of the respondents adore to the idea or project so they funded through crowdfunding, for 26.7% personal contact was the reason for funding and for another 26.7% benefits from the investment attracted them. There were a class of 15.6% of respondents who invested through crowdfunding because of social influence.

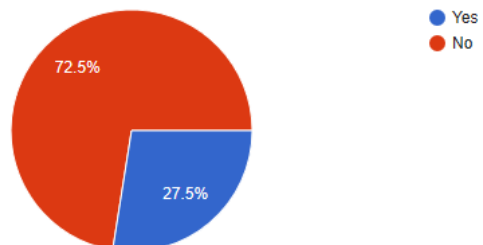
Chart 4.21: You Prefer to Invest in Crowdfunding in Future



Interpretation:

Majority (48.9%) prefer to invest in crowdfunding in future, while other respondents did not have preference for it as 44.4% selected maybe and 6.7% do not prefer it.

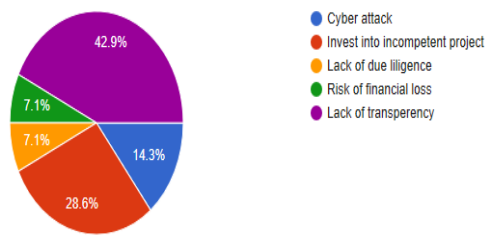
Chart 4.22: Anytime you regret your Participation in Crowdfunding



Interpretation:

Majority of the respondents (72.5%) never had any regrets in crowdfunding while others regret their decisions.

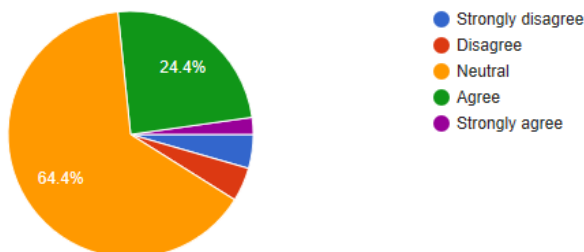
Chart 4.23: If Yes, Specify the Reason



Interpretation:

Majority (42.9%) of the respondents regret their decision because of lack of transparency, 28.6% regret their decision because the invested into incompetent projects, 14.3% regret because they were victim of cyber-attacks and others suffered cause of lack of due diligence and risk of financial loss.

Chart 4.24: Do You Agree Crowdfunding is a Better Instrument for Investment



Interpretation:

64.4% of the respondents had neutral response when asked if crowdfunding is a better instrument for investment where as 24.4% agreed and some strongly agreed it to be a better investment instrument. Rest of the respondents disagreed.

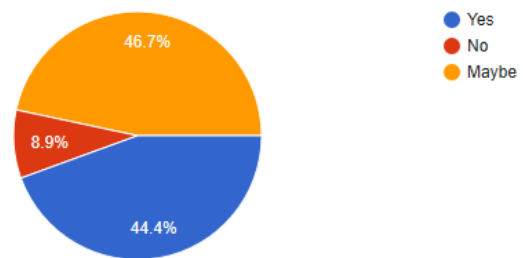
Chart 4.25: When do you Access Crowdfunding Platform

Interpretation:

About 35.6% access crowdfunding platform to finance events, 24.4% access it

for raising funds and another 24.4% for donation. Remaining respondents access it to fund a new project.

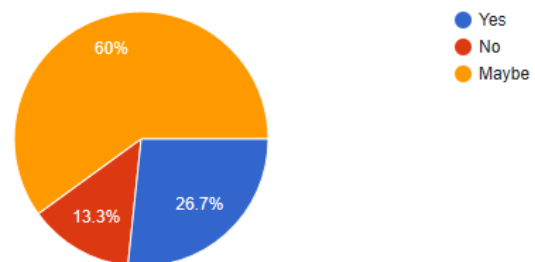
Chart 4.26: Do you agree crowdfunding is one of the best source to raise funds for new entrepreneurs



Interpretation:

46.7% of the respondents had neutral response regarding crowdfunding being one of the best sources to raise funds for new entrepreneurs, 44.4% of them agreed that it is one of the best sources and 8.9% do not agree.

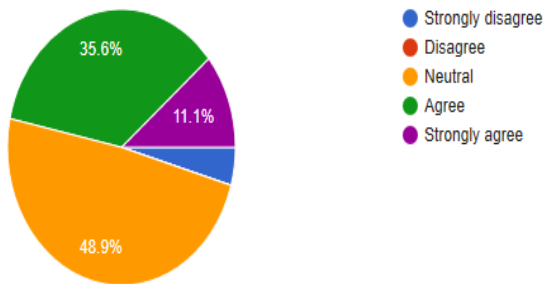
Chart 4.27: Would you be interested in seeking crowdfunding support for your own company/project/event in future



Interpretation:

60% of the respondents had neutral response for using crowdfunding method to fund their own projects or events, where as 26.7% of them were interested to use crowdfunding as a mode of seeking investments and 13.3% were not interested in seeking crowdfunding support.

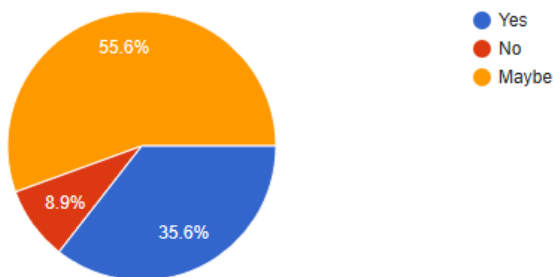
Chart 4.28: Do you agree crowdfunding likely to grow over the next five years



Interpretation:

Majority (48.9%) of the respondents had neutral response when asked if they agree crowdfunding will grow in next 5 years i.e. they are not sure whether this mode of seeking investment will grow and be popular, 35.6% agreed that it will grow over the next 5 years and 11.1% strongly agreed. Rest of them strongly disagreed that crowdfunding will grow in next 5 years.

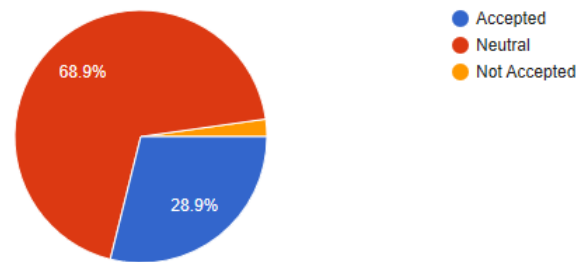
Chart 4.29: Do you agree crowdfunding as a viable alternative to traditional finance



Interpretation:

The majority of respondents (55.6%) have neutral opinion regarding crowdfunding being a viable alternative for raising fund to the traditional finance. 35.6% respondents agree that crowdfunding is a viable alternative and 8.9% disagree that it's a substitute.

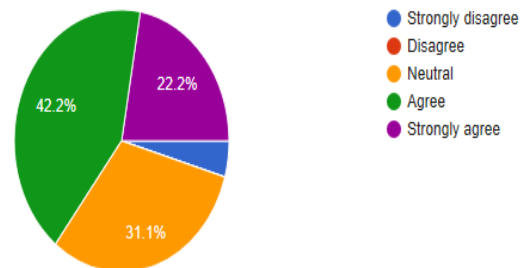
Chart 4.30: Your level of acceptance towards funding an event/projects through crowdfunding



Interpretation:

68.9% of the respondents have neutral response regarding the acceptance towards funding events and projects through crowdfunding, 28.9% of them accept and rest do not accept it.

Chart 4.31: Do you agree crowdfunding is not popular due to lack of knowledge



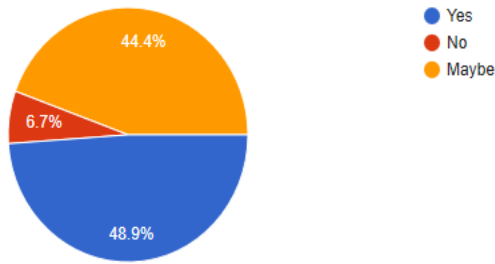
Interpretation:

Most of the respondents (42.2%) agree that crowdfunding is not popular due to lack of knowledge, 31.1% have neutral response regarding it while 22.2% strongly agree to the fact that lack of knowledge is holding back crowdfunding method and rest strongly disagree to the same.

Chart 4.32: Do you agree it is not widely accepted due of lack of regulations

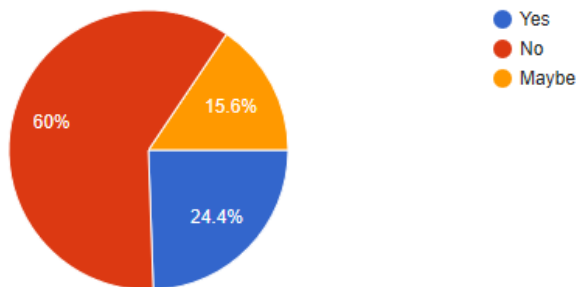
Interpretation:

48.9% respondents agree that crowdfunding is not widely accepted



because of lack of regulations. 44.4% had neutral reviews regarding the same and only 6.7% do not agree that lack of regulation is the reason for the non-acceptance of crowdfunding.

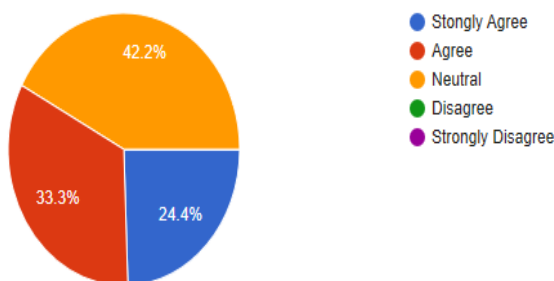
Chart 4.32: Have you ever participated in crowdfunding awareness campaigns



Interpretation:

60% of the respondents have never participated in crowdfunding awareness campaigns. 24.4% have participated and rest do have vivid remembrance of their participation.

Chart 4.33: Initiatives played by fund seeker plays a major role in grabbing the attention

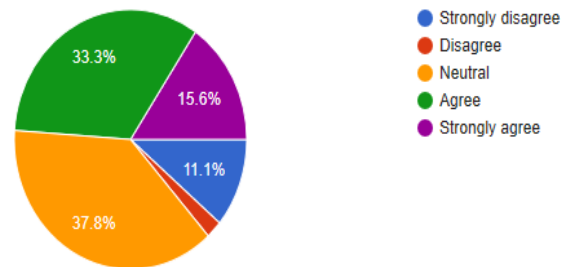


Interpretation:

Around 42.2% of the respondents had neutral response, 33.3% agree and 24.4%

strongly agree that initiatives by the fund seeker plays major role in grabbing attention of the investors.

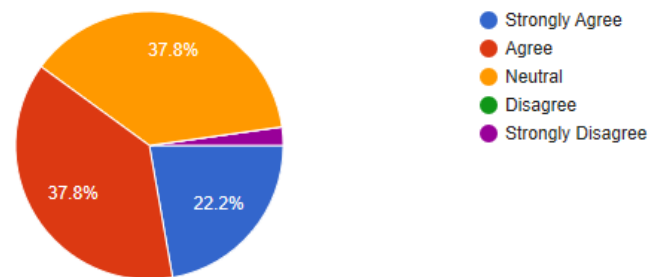
Chart 4.34: Social media plays a major role in promoting crowdfunding platforms



Interpretation:

37.8% had neutral response when asked is social media platform playing the major role in promoting crowdfunding. 33.3% agreed for the same and 15.6% strongly agree to this mode of promotion, where as 11.1% strongly disagree and think that other promotion platforms also play major role in promoting crowdfunding.

Chart 4.35: Government/Industries/Institutions/Media should conduct awareness campaigns or workshops to educate the public about crowdfunding

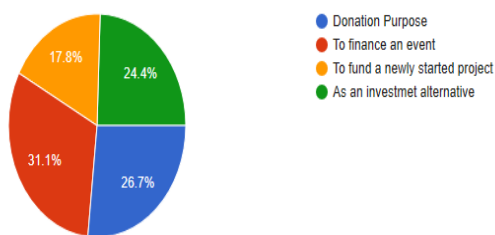


Interpretation:

About 37.8% of the respondents agreed that there should be awareness campaigns or workshops by Government/Industries/Institutions/Media

to educate people about the concept of crowdfunding and similar percentage of respondents had neutral views regarding it. Whereas 22.2% of people strongly agree with this idea of Government/Industries/Institutions/Media conducting workshops and a minimal percentage of people strongly disagree with this thought.

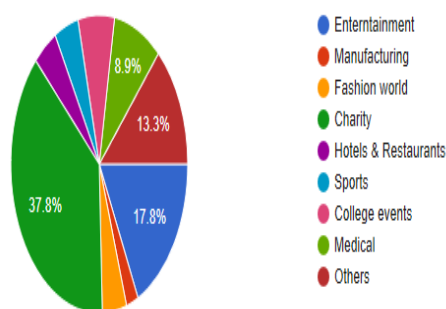
Chart 4.36: In future if you want to use crowdfunding platform, for what purpose do you use it



Interpretation:

Most of the respondents (31.1%) would use crowdfunding to finance an event. Here the preference of the respondents varied so all the options received proper reply and around 26.7% would use it for donation purpose, 24.4% prefer crowdfunding as an investment alternative and 17.8% would like to use this platform to fund a newly started project. This shows the use of crowdfunding for multi-purpose

Chart 4.37: Which campaign ads popped up in social media very often for seeking funds through crowdfunding



Interpretation:

Majority (37.8%) of the pop-up ads seeking for crowdfunding that the respondents came across were regarding charity, then entertainment and followed by others category.

Entrepreneurs' ranked preferences for each crowdfunding model	
Crowdfunding Model	Average Rank
Sponsorship	5.06
Donation	4.67
Pre-order	4.44
Reward	4.00
Equity	4.00
Lending without interest	3.78
Lending with interest	2.06

Entrepreneur Preferences

From the above table it is evident that the most favourite model preferred by the entrepreneurs are *sponsoring* (5.06). Although *donation* (4.67) and *pre-order* (4.44) were picked by most of the entrepreneurs as their utmost graded choice, and *sponsoring* gained a higher total score. The entrepreneurs are attracted towards donations and sponsorship because of cheapest cost of capital available (Belleflamme et al., 2014), donation offers funders feeling good themselves more than the intrinsic return (Ryan & Deci, 2000) and sponsoring take the form of a written thank you on the website of the funded project.

Platform Suitable for Raising Funds for which of the following enterprises	
Enterprises	Average Rank
Start-ups	3.96
Young Growth Companies	3.47

Small & Medium Enterprises	3.30
Charitable Projects/College Events	2.43
Large & Multinational Groups	1.85

As presented in above table, the best platform for raising funds through crowdfunding is suitable for *Start-ups* (3.96) followed by for *Young Growth Companies* (3.47) selected by the respondents. From this it is clear that most of the respondents agreed that crowdfunding platform best suitable for New Entrepreneurs & Small Scale Industries for raising the fund because these are the options with highest ranked choice. The least preference to MNC's (1.85), may be because of existence of large capital invested in it.

Factors That Takes Into Account before The Investment Decision	
Particulars	Average Rank
Transparency	7.53
Expected Rate of return	7.43
Reputation of fund raiser	6.96

Type of the project	6.23
Duration of the Project	5.79
Location of Fund Raiser	5.53
Success rate of the Project	4.87
Project Proposal and Progression	4.62
Environment Sustainability	3.43
Type of Technology	2.62

Most of the respondents preferred to invest in those projects that offer highest rate of return, projects that is implemented and executed in a more transparent manner; which is followed by the track record of the entrepreneur; then on the type & duration of the project to complete. The least preference goes to type of technology used in the project implementation.

Chi-Square Test Results:

Null Hypothesis: There is no impact of Qualification, Occupation, Income Level and Location of respondents on their participation in crowdfunding

Alternative Hypothesis: There is an impact of Qualification, Occupation, Income Level and Location of respondents on their participation in crowdfunding

Chi-Square Test – Participants Preference in Crowdfunding & Qualification

	Value	Asymp. Sig. (2-sided)
Pearson Chi-Square	28.452 ^a	.005
Likelihood Ratio	14.334	.280
Linear-by-Linear Association	2.193	.139
N of Valid Cases	45	

Chi-Square Test – Participants Preference in Crowdfunding & Occupation

	Value	Asymp. Sig. (2-sided)
Pearson Chi-Square	15.891 ^a	.014
Likelihood Ratio	14.423	.025
Linear-by-Linear Association	3.982	.046
N of Valid Cases	45	

Chi-Square Test – Participants Preference in Crowdfunding & Income Level

	Value	Asymp. Sig. (2-sided)
Pearson Chi-Square	25.285 ^a	.014
Likelihood Ratio	24.920	.015
Linear-by-Linear Association	4.542	.033
N of Valid Cases	45	

Chi-Square Test – Participants Preference in Crowdfunding & Location

	Value	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.224 ^a	.116
Likelihood Ratio	11.591	.072
Linear-by-Linear Association	7.185	.007

The above table depicts the association between selected demographic variables like Qualification, Occupation, and Income Level & Location where they lives in on their preference to participate in Crowdfunding. From the analysis it is evident that the P-Statistics value is more than alpha (5%) for Qualification, Occupation, Income Level, which means the result is statistically not significant, so therefore accept Null Hypothesis. Whereas in case of Location there is an association. It is clear that level of awareness and their

participation in crowdfunding may vary with respect to their geographical location.

Correlation Analysis

<i>Particulars</i>	<i>You prefer to participate in crowdfunding</i>	<i>Do you agree crowdfunding is an alternative way of traditional</i>
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		<i>method for raising fund</i>
You prefer to participate in crowdfunding	1	
Do you agree crowdfunding is an alternative way of traditional method for raising fund	0.501093072	1
<i>Particulars</i>	<i>You prefer to invest in crowdfunding in future</i>	<i>Do you agree crowdfunding is a better instrument for investment</i>
You prefer to invest in crowdfunding in future	1	
Do you agree crowdfunding is a better instrument for investment	0.101469381	1

From the above analysis, it is clear that respondents preferred to invest in crowdfunding because they accepted it as an alternative source for raising fund compared to traditional method. A very few people realized the returns from this platform because of which respondents not

interested to consider this as one of the alternative instrument for their investments.

CONCLUSION

This article examined the awareness and perception of fund seekers and fund investors into crowdfunding platforms with the aim of finding the factors that attracts them to participate. When it comes to factors affecting their investment decision – transparency, returns and the reputation of the fund seeker plays a major role. When it comes to their participation in the crowdfunding platforms their geographical location plays a crucial role and the other variables like their education, occupation and income level is not statistically significant. Rate of return from the investment attracts most of the participants to this platform. Our research also showed that the best platform for raising funds through crowdfunding is suitable for Start-ups followed by for Young Growth Companies. The major attractiveness to the sponsoring and donation crowdfunding models is due to the lowest cost of capital available, donation offers funders feeling good themselves more than the intrinsic return and sponsoring take the form of a written thank you on the website of the funded project. To attract more funds, fund seeker can choose social media platform in promoting their projects/events/ideas. Due to lack of knowledge, this concept is not so popular and not widely accepted. It is recommended to educate people about the concept then it's easy for the entrepreneurs/individuals/institutions to raise fund either for the implementation of projects/events within a short period of time without much difficulty. The scope of this platform will not grow in future until unless the government /institutions/media plays a major role in creating the awareness to the

public. Most of the top crowdfunding platforms especially the equity models are lacking in the funders' top choice, with the consequent choices of sponsoring or reward or preorder. Compared to all other sectors educational sector, entertainment and new start-ups to certain extent succeeded in raising the fund.

Finally, we recommend the following future directions of study:

1. A survey can be extended by strengthening the reliability of the results, particularly across different cultures.
2. Further investigate why the most popular crowdfunding platforms have not yet combined the equity model with other non-financial crowdfunding models, which suggests an asymmetry between funders and entrepreneurs. Crowdfunding platforms that are combining both financial and non-financial crowdfunding models were available on the market at the time of the study, but are not represented in the list of the most popular platforms. Future research should attempt to better understand these findings.
3. Introduce a longitudinal aspect to the study, which will help grasp the evolution of the platforms and crowdfunding models over time.

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